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automotive FLEET

CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

Plymouth Grand Voyager LE

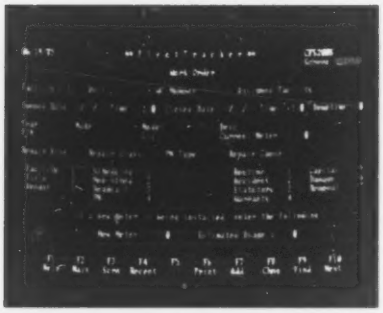
Chrysler LeBaron Coupe

Budgeting Costs
Tax Reform Impact
Fleet Fuel Programs
'87 Acquisition Survey

automotive
FLEET
CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

NOVEMBER 1986
VOL. 26, NO. 1

Influencing the management of 4,584,000 cars and 1,970,000 light trucks and vans in business, leasing, rental, utility, government, police and taxi fleets



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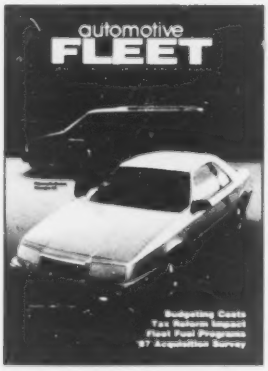

On our cover: Hal Barton, general manager of Chrysler Motors Fleet Operations, presents the sleek new Chrysler LeBaron Coupe, in production Nov. 7, 1986, and the spacious Plymouth Grand Voyager LE mini-wagon, scheduled for production Mar. 27, 1987.

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The major oil firms are attaching increased importance to fuel programs for the automotive fleet market. To determine how such programs can help lessors and fleet managers, AF*'s David Burkhart has prepared this in-depth report.*

National Account Fuel Programs for Fleets

Fuel is one item an automotive fleet can't do without. The fleet manager or driver can put off a tune-up, hold off wiper blade replacement, or shop for the lowest-priced tires, but fleets don't run on empty, and the price paid for fuel is posted at the pump.

According to the National Association of Fleet Administrators (NAFA), fuel is a major concern of fleet managers, ranking third behind depreciation and insurance costs. *Automotive Fleet* estimates that fuel accounts for nearly a third of operating expenses. Even considering current fuel prices and continuing emphasis on fuel economy, fuel will remain prominent among fleet operating expenditures.

Thanks to a variety of national account or credit card programs available through oil companies, fleet managers have a system that helps them assess and control fuel costs. Typically, national account programs address the problems of regular maintenance, part replacement, and vehicle repair, with the attending benefits of the ready availability of goods and services, centralized accounting, and discounts on products and services.

Similarly, oil company credit card programs offer the advantages of availability of fuel and automotive services, information on vehicle and user performance, and a variety of billing programs tailored to the fleet manager's particular accounting needs.

In addition, fleet management companies, commercial fleet operations, and government agencies can utilize their own credit cards, called universal or own-issued cards, accepted by oil companies through their affiliation with the American Petroleum Institute (API), useable for fuel and automotive purchases at participating oil company outlets. Such credit card programs, established with the cooperation of the oil companies and API, provide other opportunities for fleet managers to control fuel purchases.

To gain insight into how oil companies participate in the car and light truck segment of the fleet market, *Automotive Fleet* talked with representatives of several majors. The purpose was to determine how oil companies view the automotive fleet market, how their credit card programs work, what services are provided at what cost, what advantages credit card programs represent and what future trends can be discerned. Participating oil companies include Amoco, Chevron, Citgo, Quaker State, Shell, Texaco, Mobil, and Exxon.

Amoco

Fleet operations, including all types of automotive fleets, represented $180 million in 1985 for Amoco, according to Joe Matise, manager of fleet operations. Of that amount, $100 million was attributed to what Amoco regards as commercial fleet business, including fleet leasing companies, utilities, and railroads. The remaining $80 million resulted from sales to federal, state, and local governments, including General Service Administration (GSA) fleets, as well as municipal and police fleets.

"It is significant to us," Matise says. "That $180 million represents a small number of corporations, but a large volume in business. Their purchases at retail, because of the expenses involved, require a system. We've devised a system to allocate expenses."

The system at Amoco is called Transicard, a comprehensive system designed to provide detailed information on fleet operating expenses. "Briefly," says Chuck Woodbeck, manager of credit card marketing, "Transicard allows us to follow the movement of vehicles and personnel and offers a data processing function to help the customer with accounting." That means a monthly invoice with a formal invoice of purchases and a summary statement of the customer's account, as well as purchase ticket information, including signature verifications, with the basic data subtotaled by account, driver identification number, location, and date of purchase. The fleet manager receives a computer printout showing purchase details such as fuel, oil, and service purchases and can choose either a magnetic tape or card for additional accounting support.

With a typical Transicard billing, the customer receives information including the reporting date, account numbers indicating division or department, ID numbers by cardholder, individual vehicle identification, dates of purchases, quantities

and amounts of purchases, ticket counts by purchase, subtotals per card, and totals for all purchases. "All this is to help the fleet manager monitor expenses as he needs to," Woodbeck says.

Amoco's credit card programs began in the 1940s, Matise explains. "Since then, large and small fleet operators have wanted more detailed information on their credit card statements, so we've expanded our programs to provide that kind of data. The alternative is for the customer to handle volumes of paperwork, and that's expensive today. With a credit program in place, the fleet operator can track expenses, analyze vehicle performance for necessary repairs, and monitor employees' expenses."

The advantages of such a system to Amoco, as Woodbeck puts it, are gasoline volume potential and cementing relationships with large business entities. Says Matise: "It obviously allows more sales at Amoco locations and means increased volume. And it keeps us competitive."

Since Amoco estimates it would cost nearly $7,000 a year for a fleet manager to have an employee process oil company charge slips, a major advantage to the customer is manhour savings, as well as materials and overhead expenses. Other benefits are once-a-month billing with detailed itemization and information tracking. "It also helps with cash float," Matise adds. "The customer is billed once each month instead of with each purchase, and has 20 to 30 days to pay, which allows the customer to use his working capital an extra 30 to 60 days."

Fees to the customer using Transicard are half a cent on the dollar, Matise says, or one-half of one percent of the billed Amoco purchases. There is a different fee structure for some municipalities, he says. "A city like Los Angeles or Chicago is entitled to certain taxes, such as a tax on gasoline, and a city may want to break out data by employee, department, or division, so Amoco actually provides the service of tax accountant in those cases, for a fee."

Amoco accepts universal credit cards and has exchange programs with other major oil companies, such as Chevron, Exxon, and Sohio. Card use is limited to purchases for the operation of the vehicle and cards are accepted at 15,000 Amoco service stations and approximately 10,000 other oil company locations nationwide. Amoco estimates about 5,000 commercial customers currently use the Transicard system. The company offers no discounts. "The discount days are gone, I'm afraid," Matise laughs.

Chevron

"Most oil companies have a lot of commercial accounts," notes Noel McHone, Chevron's manager, travel card administration. "We have a number of them, some of which would qualify as national accounts, but we don't track them separately." McHone estimates that Chevron has 100,000. "Chevron does about $3.25 billion a year in the credit card business. Of that, about $300 million to $350 million is in commercial accounts. That's about 10 percent, and it's a substantial portion of our business."

Under Chevron's Cardfax program, customers can request a number of credit cards in their company name and distribute them to their drivers for use. "Then we can deliver to the customer the kind of billing they request," McHone says. "An example would be 300 cars, itemized by vehicle. The fanciest type of billing is computer magnetic tape that lays out all the purchases. The simplest type is like the normal customer's bill. The credit card statement is sub-numbered by card and totaled."

Through Cardfax, Chevron's computerized special billing system, three plans are available, each offering a different level of information to the customer. With Cardfax V, for instance, a fleet manager would receive costs for each vehicle separately, with subtotals listed by department or other designated breakdown. The monthly statement would indicate costs for fuel, oil, and miscellaneous purchases.

Cardfax VII is Chevron's most elaborate billing system. The monthly billing provides the customer with a complete cost breakdown by vehicle and department. Besides purchase dates, fuel and oil type and quantity are listed, as are lube, tires, parts and labor, and miscellaneous purchases, including batteries. Cardfax VI was designed to provide more information than Cardfax V by further expanding the cost accounting function to include quantities and costs of various products and services.

"The advantages to the user are the ready availability of fuel and other necessary products and the ability to keep track of what various vehicles are doing," McHone states. "The cost of credit programs to the user is none. We had charges for our special billing programs until about a year ago — something like $1.60 per statement — but now there are no charges. We do have certain fees under a 'country club' arrangement for customers who want tickets back. Otherwise, we're operating on a descriptive billing system."

Chevron allows its cards to be used for purchases up to $50 before an authorization call must be made. Users may purchase fuel, oil, parts and accessories, tires, retreads, batteries, and pay for services such as lube, wheel alignment and balancing, towing, and parking. Non-automotive products like food, beverages, and cigarettes may be purchased up to a value of $25. Chevron allows credit card purchases up to $250 for major mechanical services such as engine work or muffler replacement.

According to McHone, Chevron accepts a number of own-issued credit cards. "We've expanded our list of universal cards rather dramatically recently and now have about 250 companies, including business and commercial, municipal, and utility." Chevron has 20,000 outlets in the market nationally, although it doesn't serve the Dakotas east to

Pennsylvania or Texas north to the Canadian border, areas covered through interchange programs with Amoco, Exxon, Sohio, Chevron Canada, and Gulf Canada. The company offers no discounts to its credit card holders.

Citgo

Citgo is a wholly-owned subsidiary of Southland Corp., and is reportedly the largest pumper of gasoline in the U.S. through its 7-Eleven and Citgo-branded outlets. Based in Tulsa, Citgo serves customers through 15 Quik-Mart stores in Oklahoma and 8,000 other retail outlets, 4,000 of them 7-Eleven stores. According to Jim Willett, assistant media director at Southland, "We're Number One, or almost there. We pump a lot of gas through both our Citgo and 7-Eleven operations."

Citgo has had a credit card program in effect, but declines to discuss it in view of recent developments. "We are now in the midst of increasing our credit card deck," says Kent Young, public relation representative for Citgo. "That is, we're adding to the number of users, a process we began in the first quarter of this year." Young indicates that JC Penney was handling the introductory direct mail program and would be responsible for billing.

"We're in the early development stages of a credit card program for realization later this year," Young says. "The automotive fleet market is a marketing niche which could benefit our operations greatly, and there would be a number of advantages to the fleet customer." Among benefits to fleets cited by Young are the number of 7-Eleven outlets available for gas and convenience purchases, competitive pricing, and a "country-club"-type billing program. "This is definitely an area targeted for activity," Young says.

Quaker State

Quaker State is aggressively pursuing the automotive fleet market with oil and lube products through its Minit-Lube franchise operation. "It's an important market to us,"

Lessors Discuss Credit Card Use

According to *AF*'s 1986 *Fact Book*, Lend Lease of Minneapolis, MN, is ranked seventh among the nation's leading vehicle lessors. Lend Lease developed its own credit card, accepted by eight major oil companies, and used for fuel and oil purchases. The advantages, noted by Larry Palmer, vice president-operations, are significant.

"We're billed monthly, and our drivers don't have to carry a whole handful of plastic," Palmer says. "We consider the Lend Lease card to be a service we offer as part of being a full-service lessor. The card helps us to keep a cost base for the lessee. Also, it makes the switching cost higher; it costs the lessee more to switch to a lessor that doesn't have a card. We get a direct tape-to-tape billing from the oil companies. We don't touch the invoicing.

"The oil companies are helping us out more than we're helping them," Palmer admits. "You have to remember that oil companies are pumping through franchised locations. If they were pumping through company-owned locations using company employees, there might be some way to set up an incentive program, but there's not. There's no real advantage to the oil companies in accepting our card. They're going to pump gas anyway. The advantage is to our drivers."

Kerr Leasing and Fleet Services Co. of Englewood, CO, does not utilize a universal credit card. "We operate under various national account programs with major tire companies, glass companies, and about 3,000 independent repair and maintenance outlets," says Gary Kerr, executive vice president of fleet management services. "However, each fleet makes its own purchases of gasoline. We can't save money for our customers, because there is no discount structure with major oil firms as there is with tire, parts, and repair companies. Those discounts we can pass along to our customers. But there aren't any on fuel and oil purchases."

McCullagh Leasing, Inc. of Roseville, MI, ranks fifth among the nation's lessors. The McCullagh Universal Gas Card is accepted by 17 major oil companies, representing 160,000 locations nationwide. Says Paul Allmacher, vice president, customer services: "Fleets consider the implication not of cost savings, but of the value to the driver of having a credit card. One of the things that's still an issue is acceptance of the universal card, although it's gaining in acceptance. That's because the oil companies began a process of educating dealers to accept universal cards. Acceptance is less an issue today, but it's still there."

To begin their universal credit program, McCullagh explored their competitors to see what they were doing, Allmacher discloses. "Then we contacted Amoco, because of their processing capabilities, and we contacted other major oil companies and provided suggested credit card agreements for their review. Some minor changes resulted, but we were able to enter into a processing agreement with Amoco.

"Now," Allmacher concludes, "after about a year, we have a fully functional program."

says Al Fischer, manager, fleet commercial marketing. "I guess when you have a department devoted to that segment, it's a good indication of what we're after."

Estimating that about half of Quaker State's business is done through distributors, Fischer explains that products are handled through local operations and factory-direct contacts, with a national account program for major fleet customers. To service smaller fleets, the company has a separate program.

"For a lot of fleet operators or managers, servicing their cars, light trucks, or vans in-house is not really profitable," Fischer says. 'We have a fast-lube department to service independent retailers who handle smaller fleet accounts. We also own the Minit-Lube operations, with about 130 outlets in 10 states. The projected growth policy for Minit-Lube calls for accelerated store openings, and that's where we'll address the automotive fleet market."

Quaker State developed its Minit-Lube charge card program to provide fast, economical service to drive-in customers (including fleets), and to make available a discount system, which is based on average service volume. During an initial 90-day period, Minit-Lube establishes average volume for a new fleet customer, who receives in-store discount coupons for use in that period. After the 90-day period, fleet discounts are automatically computed on monthly billing statements and are based on the number of service visits by fleet vehicles, itemizing oil, lube, filter, and other services performed. Each month thereafter, the fleet manager receives a statement of charges showing service activity, discount earned, and net amount due, payable within 30 days. For billing support with the Minit-Lube charge card, Minit-Lube retains service ticket copies with vehicle data and driver signature. Following each service visit, the vehicle operator receives a copy of the service ticket and charge slip.

Fleet discounts are established as follows: Fewer than five services per month, no discount; five to 19 services per month, 10 percent discount; 20-49 services per month, 13 percent discount, more than 50 services per month, 15 percent discount.

Benefits of the Minit-Lube program, according to Fischer, include service to the fleet vehicle quickly with no scheduling hassles and service packages tailored to fleet service requirements, the accounting function, and the discounts. "We feel the benefits of the monthly summary statement and special billing programs and our oil analysis program are strong points in our dealings with fleet managers," Fischer says.

There is no charge or fee to the customer under the Minit-Lube program, Fischer adds. "We use it as a sales tool to increase awareness of Minit-Lube and its potential savings for fleet operators."

Shell

"To us, the automotive fleet is a critical piece of our total credit card base," says Roger Kageyama, manager, national accounts-credit cards, for Shell. Admitting that the company had not been active in this type of service for the past several years, Kageyama indicates, "Shell has a renewed and revitalized interest in serving this market."

Shell serves an estimated 2,000 fleet operations through 11,000 service stations in 38 states. "We are not in the Rocky Mountain states," Kageyama observes. "We have no refineries nor distribution centers there, and our market area is based on product availability and public acceptance of our products." Shell sees its marketing potential among fleets, regardless of size, who will use the same credit card issued to the consuming public. "What makes our program unique," Kageyama asserts, "are the types of billing options."

Shell offers four purchase/billing-reporting programs to serve the fleet market. Program A offers cards issued in one business name, with each card identified by employee or vehicle number; a monthly report in card number order, carrying the date, invoice number, product description, and amount subtotaled by vehicle or card number. No invoice copies are returned. Option A is described as regular descriptive billing, Shell-issued cards.

Option B, regular special billing — customer-issued cards, provides for the return of invoice copies; no detail, but a summary one-page statement listing the number of invoices and the total amount.

Under Option C, specialized fleet billing report — Shell or customer-issued cards, cards are issued in one business name with each card identified by vehicle or employee number; a monthly report in card/vehicle order with date, invoice number, location of purchase, quantity and amount of purchase is provided; each vehicle/card number is subtotaled.

Option D, specialized fleet billing report — Shell or customers' cards, offers the same features as Option C, but allows the customer to choose whether invoice copies will be returned each month, and a magnetic tape is transmitted each month.

Cost to the fleet customer, according to Kageyama, is nominal, based on the amount of purchases monthly. "The highest may be two percent and the lowest one-fourth of one percent," he says. Shell offers no discounts. "We do not assess a surcharge for credit purchases," Kageyama indicates. "We have one price, and that's the price posted on the signs at the corner of the station. There's no price for cash versus credit card purchases."

Noting advantages of the fleet program to Shell itself, Kageyama cites the ability to obtain and retain large commercial accounts, and the fact that the program enables Shell to remain competitive. Identifying advantage to the user, Kageyama points out that specialized billing reports help fleet managers with the accounting function, whether the report is in hard copy or magnetic tape form. Fleet operators can format their own exception reports

when utilizing magnetic tape billings.

Shell does not utilize an exchange program with other oil majors, but accepts universal credit cards. "We participate in universal programs with whomever asks us," Kageyama says. "Obviously, those who issue their own cards feel that their drivers can operate more conveniently with several oil companies using one card, instead of carrying around a handful of plastic. But universal credit card issuers are just like an oil company in that they assume the various costs associated with a credit card program, such as producing and embossing their own plastic, liability for fraudulent use of the cards and overhead costs."

Texaco

Texaco's fleet credit card program is predicated on the use of Texaco stations, more than 20,000 nationwide, providing coverage in most states. Texaco does not accept other oil company credit cards, but works with fleets having universal cards. The company's primary fleet targets are the larger leasing companies and private fleets. Doing more than $3 billion annually in total sales, Texaco realizes eight percent to 10 percent of that in fleet business.

"It's a market that's always been out there," notes Mike Zvonkovic, manager of credit card marketing. "It's different from any regular credit card business in the amount of information fleet customers say they need, whether they use it or not." Hence Texaco's credit card program for fleets is based on flexibility to meet the customer's accounting requirements. The obvious benefit to Texaco is that credit programs get more fleet traffic into Texaco stations, and the retailer gets more throughput. The buzzword in Texaco's attitude toward the fleet manager is service. The credit card program gives the manager a track on where each vehicle was each day. He can determine monthly expenses per vehicle broken out by division or department. He can get the type of billing report he requires.

Texaco's Fleet Control Program is based on the realization that controlling, servicing, and fueling vehicles is a time-consuming and costly task for fleet administrators. The cost to fleet customers depends on the type of billing plan selected and monthly volumes and is outlined on a sliding scale and calculated on the amounts of monthly purchases.

Fleet Control Plan I offers simplified cost accounting of each Texaco card transaction, listing each purchase by sub (vehicle) number, providing a subtotal of purchases by vehicle along with the location and date of purchase and a grand total of all transactions. The invoices for each purchase accompany the billing statement and are sorted in order of the listing. A minimum monthly purchase is required under Plan I with a fee of .25 percent

Gas Credit Cards: How API Fits In

In the American Petroleum Institute's (API) June 1986 roster of more than 200 companies utilizing own-issued credit cards are listed a dozen lessors ranked among the nation's Top 28 by *AF*'s 1986 *Fact Book*. Lessors such as Gelco, PH&H, and Dart-Kraft have their own universal credit cards.

Any company that decides to adopt a universal credit card program can do so by following API guidelines. The guidelines were developed jointly by API's Finance and Accounting Department and the Advisory Committee — Own-Issued Credit Cards. The committee is composed of 26 members, each a representative of a major oil company.

The guidelines clearly state that API's function is to issue an account number but takes no responsibility for credit, acceptance, or approval of the credit card and cannot assist in negotiations or other matters related to an own-issued card. API assigns an account number at the request of an oil company (gasoline marketer) and maintains records that include name of issuing company, corporate address and contact, billing address, credit card numbers, and sponsoring gasoline marketer.

The procedure for obtaining a universal credit card is relatively simple. For example, XYZ fleet is buying considerable amounts of fuel and determines their cost control would benefit from using a universal card.

- XYZ fleet contacts oil companies to see which ones would accept an XYZ credit card.
- XYZ fleet reaches an agreement with USA Oil Co., which will act as sponsor of XYZ as an applicant to API.
- API assigns XYZ fleet an account number.
- XYZ can now negotiate credit card agreements with other oil companies to gain more flexibility for its universal card.
- XYZ fleet successfully completes its agreements.
- XYZ fleet designs and produces its universal card and issues the XYZ card to users.

API guidelines also provide items for discussion between a universal card holder and suppliers. Details such as the appearance of the credit card, listing suppliers on the reverse of the card, billing arrangements, acceptance arrangements, and responsibilities for card use are among matters to be negotiated.

For further information, contact: American Petroleum Institute, 1220 L Street NW, Washington, D.C. 20005, or phone (202) 682-8497.

(minimum charge, $5). The plan is not available to universal credit card issuers.

Fleet Control Plan II provides the fleet administrator with detailed information on fleet activity, isolating operational costs of an individual vehicle or the entire fleet and providing itemization of each purchase including state and date of purchase, type of fuel purchased, quantity and amount of fuel purchased, and a miscellaneous amount covering purchases of wiper blades, belts, batteries, or other items. With Plan II the fleet administrator can select up to four levels of sub-totals for each vehicle, each branch, each division or each region. The plan requires a minimum monthly purchase of $5,000 and carries a minimum charge of $15. The fees are structured as follows: To $4,999 — 1.5 percent; $5,000 to $49,999 — 1.0 percent; $50,000 to $99,999 — .75 percent; $100,000 and up — .5 percent. Plan II is available to universal card holders.

Texaco's Fleet Control Plan III is designed for larger fleet operations requiring several control levels and greater detailed itemization of each purchase. Plan III contains the features of Plan II, with an additional four columns provided for items other than fuel or oil. The fleet administrator, depending on his fleet's operating expenses, can select the heading for each of the four added columns (parts, labor, tires, for example), and Texaco's internal products code will direct the applicable purchases to the appropriate column. Also, a separate portion of the listing can be sent to various divisions at the fleet administrator's discretion. Plan III requires a minimum monthly purchase of $5,000, with the minimum charge and fees scheduled as under Plan II. Texaco says the plan is available to universal card holders.

Mobil

Mobil views the automotive fleet market as an important segment of its total credit card business. According to a company spokesperson: "Very frankly, we are continually working with fleet managers and operators to make sure we're providing what they need. We serve thousands of fleets, both large and small."

Mobil serves its credit card base through the Mobil Oil Credit Corp., offering the usual advantages of fuel and product availability, monthly billing, and specialized billing programs. Mobil accepts universal credit cards and interchanges with Standard Oil of Ohio (Sohio) to cover markets in Ohio, western Pennsylvania, and Michigan, and with Esso in Canada.

The company would not discuss details of its billing programs except to say that there are no fees for Mobil's consolidated or specialized billing reports, and there are no discounts on products or services. Neither are there limitations on credit card use. Mobil operates 14,000 service stations.

"Obviously, most fleet companies are trying to operate more efficiently," the company notes. "Card programs are efficient. Mobil bills millions of accounts every month, and we find that fleet managers appreciate the service, because it helps them remain efficient."

Exxon

As of August, 1986, Exxon Corp. was undergoing a major reorganization, and, according to a spokesperson, will not have a comprehensive credit card program for automotive fleets until mid-1987. Exxon's growing interest in the car and light truck segment of the fleet market is obvious.

The company indicates that the fleet market merits more attention and activity, and Exxon is "taking an increased interest" in fleet business. At present, the company is studying various aspects of the market.

It is expected that Exxon will implement a fleet program featuring specialized billing programs, and the company projects a fleet management program among benefits to its customers.

Trends

Oil companies agree that sales to automotive fleets are a significant portion of their overall sales volumes. The variety and flexibility of credit card programs, addressed to fleet administrators' needs for complete data and detailed accounting, testify to their interest in the automotive fleet market. Because of the expense and complexity associated with controlling fleet costs, fleet managers will continue to depend on oil company billing/reporting systems to make their tasks easier. However, it is in the area of billing/reporting that change is likely to occur.

"There's been a change in direction," observes Matise at Amoco. "More companies have gone to descriptive billing, which eliminates the ticket at point-of-sale. It's difficult right now for major oil companies to go after commercial business, because of the paper that must be handled. There are certain requirements that sales tickets must be part of the billings. The customer must have proof of purchase before paying for the purchase. That requires oil companies to carry two separate systems, descriptive billing, and normal billing with tickets."

"Somehow, we're going to have to capture vital information without it having to be a manual operation," says Texaco's Zvonkovic. "And it is a manual operation. We're already able, on our own cards, to provide the quantity of information needed for control, without the paperwork."

According to Kageyama at Shell, who is a member with Matise of API's user-issued credit card advisory committee, "It's been my experience working with major fleet customers that most of these companies are still asking for copies of invoices; that's thousands of copies per month. Electronic terminals at stations don't use paper. We can offer the same controls to the fleet manager through tape-to-tape billing. Our purpose is to truncate paper. With our own fleets, we don't use paper."

OIL COMPANY CREDIT CARD PROGRAMS COMPARISON

	AMOCO	CHEVRON	CITGO*	QUAKER STATE	SHELL	TEXACO	MOBIL	EXXON**
Offer credit card progam	Yes	Yes	Yes	Yes (Minit-Lube outlets only)	Yes	Yes	Yes	Yes, in mid-1987
Services to fleets offered through program	Monthly billing Information tracking Detailed printouts	Monthly billing Specialized billing programs	Monthly billing Country club billing system	Monthly billing Specialized billing programs Oil analysis program	Monthly billing Specialized billing programs	Monthly billing Specialized billing programs Information referral	Monthly billing	N.A.
Limitations on use of card	Any purchase for use on vehicle	Any purchase at outlet where card is accepted	Any purchase at Citgo and 7-Eleven outlets	Oil, lube, filters and related services	Fuel, oil, minor repairs, maintenance, tires, batteries, accessories	Any purchase for use on vehicle	Any purchase for use on vehicle	N.A.
Cost to fleet customer	½ of one % on monthly gross	None (except for country club billing)	N.A.	None	¼ of one % to 2% per month	¼ of one % to 1.5% per month	N.A.	N.A.
Offer discounts	No	No	N.A.	Yes	No	No	No	N.A.
Interchange Exchange	Yes	Yes	N.A.	No	No	No	No	N.A.
Accept universal cards	Yes	Yes	N.A.	No	Yes	Yes	Yes	N.A.
Number service outlets	15,000	20,000	8,000	131	11,000	20,000	14,000	N.A.
Credit card sales volume	$1.5 billion in 1985	$3.25 billion in 1985	N.A.	N.A.	$3 billion + in 1985	$3 billion + in 1985	N.A.	N.A.
Sales volume to automotive fleets	$180 million in 1985	$300 million in 1985	N.A.	N.A.	$480 million in 1985	$240 million in 1985	N.A.	N.A.

*Citgo expanded credit card program currently under development.

**Exxon is undergoing a major reorganization.

NAFA SURVEY

This year's NAFA survey of new car acquisitions produced a record response. Among other things, the survey showed that lower gas prices and the repeal of the ITC should have little affect on 1987-model acquisitions.

1987 New Car Acquisition Survey

NAFA's 1987 New Car Acquisition Survey had a record number 432 responses from fleets in the United States and Canada. These fleets are responsible for 362,307 vehicles, of which 194,125 are company-owned, 151,276 are leased and 16,906 are employee-owned.

Almost 50 percent (48.2) of these vehicles are mid-size; 31.1 percent are compact; 15.1 percent are large, and five-and-one-half percent are subcompacts.

These numbers make NAFA's New Car Acquisition Survey, by far, the broadest and most comprehensive survey of its kind. A similar survey by another organization garnered only 177 responses — less than half of those represented here.

Respondents said they will purchase at least 93,829 1987 model year vehicles. This year, however, the trend set from 1984 to 1986 where the percent of mid-size cars purchased increased steadily each year, was slowed. In 1984, 35 percent of new cars purchased were expected to be mid-size; in 1985, 54 percent, and last year, 67 percent. This year, 57.8 percent of new car purchases are expected to be mid-size. while mid-size car purchases seem to have slowed, they are by far the largest component of responding fleets. Also, 23.9 percent of new purchases will be compact vehicles; 12 percent large vehicles, and 6.3 percent subcompacts.

These fleets also said they will purchase 1,350 import vehicles in the upcoming model year. This number is deceptive, however, since one fleet alone plans to buy 378 import vehicles. Last year 1,006 imports were purchased.

Almost 300 fleet managers said they were responsible for purchasing corporate vehicles assigned to company executives. The 297 positive respondents purchased 6,087 executive cars last year. Also, 90 fleet managers purchase approximately 600 vehicles for use in executive car pools and 65 managers purchase almost 800 personally-owned executive vehicles. These numbers are indicative of the ever-increasing responsibilities of today's fleet managers.

An overwhelming majority, 94 percent, of the respondents said lower gasoline prices will not affect their fleet car selection for the 1987 model year. Of those fleets which said gasoline prices would affect their car selection, eight said they would probably change from six-cylinder vehicles to four cylinders, but five fleets said they would change from four-cylinder to six-cylinder vehicles. Others said the money saved from lower gasoline prices would allow them to purchase additional optional equipment on vehicles.

More than 90 percent (93.3) of

Number of Imports Purchased

Group	1986	1987
Banking & Credit Agencies/Financial	25	30
Public Utility	250	200
Chemical & Petroleum	5	6
Food & Beverage	48	38
Consumer Manufacturing	84	25
Drugs & Cosmetics	277	310
Government	0	0
Insurance	7	379*
Industrial Manufacturing	15	29
Other/Misc.	295	333
TOTALS	**1,006**	**1,350**

*378 by one fleet

These numbers show that most responding fleet groups will buy approximately the same number of 1987 imports as they did in 1986. However, if the one fleet buying 378 imports were eliminated, the total imports scheduled for purchase in 1987 would be less than those purchased in 1986. As it stands, six groups will buy more imports than last year, three groups will buy less, and one will remain the same. Imports compose 1.4 percent of all 1987 model year purchases.

Figure 1

respondents also said the elimination of the investment tax credit (ITC) would not affect their 1987 fleet car selection. Of those fleets saying ITC elimination would affect car selection, almost all said they would be forced to eliminate some option on their selector lists.

Of fleets which purchased some of their vehicles with fleet incentive programs, 254 said they purchased from 80 to 100 percent of their vehicles with these programs. This compares with 274 fleets who said they purchased from one to 79 percent of their vehicles with fleet incentive programs.

Of 432 possible responses, 232 fleets give vehicle operators their choice of make of vehicle; 164 give them choice of model of vehicle; 155 give them choice of vehicle accessories, and 51 give them choice of engine type.

Fleets Giving Operator Choice of Items

Group	Make	Model	Engine	Accessories	Color
Banking and Credit	4	3	0	2	9
Public Utility	4	2	1	1	3
Chemical and Petroleum	23	17	6	10	26
Food and Beverage	22	20	6	15	31
Consumer Manufacturing	29	17	6	14	30
Drugs and Cosmetics	30	21	4	26	34
Government	1	2	3	3	4
Insurance	29	18	3	19	51
industrial Manufacturing	44	32	11	35	57
Other/Miscellaneous	46	32	11	30	58
TOTALS	**232**	**164**	**51**	**155**	**303**

(All totals are out of a possible 432 responses)

Figure 2

New Car Acquisition Summary

	Current Composition										Breakdown			
Group	Number of Cars	Company Owned	Leased	Employee Owned	Sub-Compact	Compact	Mid-Size	Large	1986 New Car Purchases	1987 New Car Purchases	Sub-Compact	Compact	Mid-Size	Large
Banking & Credit Agencies/Financial (11)	2,449	1,498	901	50	15	362	1,709	185	612	659	0	84	491	24
Public Utility (24)	39,145	32,144	5,999	1,002	8,033	24,880	3,594	999	4,104	5,604	2,313	2,440	764	101
Chemical & Petroleum (29)	15,978	7,249	8,600	129	13	504	7,730	2,499	4,182	4,235	25	510	3,008	642
Food & Beverage (34)	25,093	14,152	9,912	1,029	1,011	11,646	10,071	1,431	9,826	9,774	765	3,454	4,529	451
Consumer Manufacturing (42)	36,424	19,361	16,374	689	707	5,020	19,548	1,701	12,864	12,507	2	925	9,466	807
Drugs & Cosmetics (43)	29,611	2,316	27,169	126	233	2,061	23,761	2,357	11,380	12,014	0	431	10,742	846
Government (44)	63,800	62,869	931	0	3,294	10,341	10,825	23,649	9,564	11,194	1,416	2,011	2,136	5,619
Insurance (52)	44,781	20,599	18,214	5,968	372	15,732	13,859	1,431	13,059	12,478	86	5,655	6,185	324
Industrial Manufacturing (68)	39,577	6,922	25,326	7,329	21	10,535	18,478	2,016	9,709	10,953	0	4,232	6,271	451
Other/ Miscellaneous (85)	65,449	27,015	37,850	584	2,216	8,241	28,944	7,180	19,093	16,978	1,336	2,672	10,574	2,041
TOTALS (432)	**362,307**	**194,125**	**151,276**	**16,906**	**15,915**	**89,322**	**138,519**	**43,448**	**94,393**	**96,396**	**5,943**	**22,414**	**54,166**	**11,306**
Percent of Totals	100%	54%	42%	4%	6%	31%	48%	15%			6.2%	23.2%	56.2%	11.7%

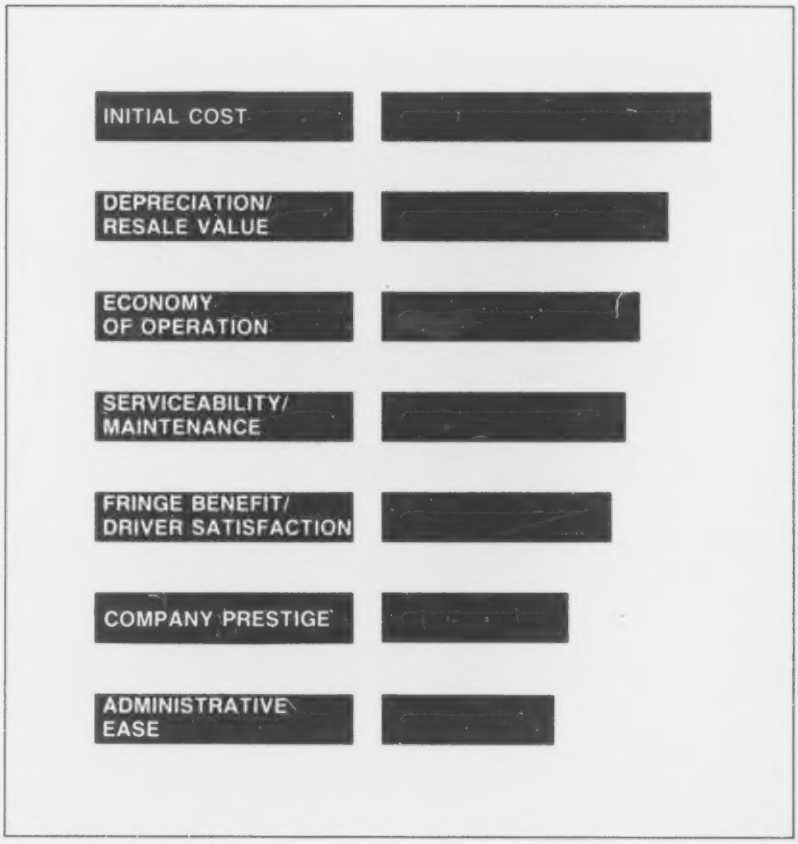
432 fleets, responsible for 362,307 vehicles, responded to NAFA's 1987 New Car Acquisition Survey. More than half of the vehicles represented in this survey are company-owned, contrary to some current reports that most fleets are leasing their vehicles. Also, almost half of the vehicles represented in this survey are mid-size, which has been the case for the past three years. The number of expected purchases of 1987 model year vehicles has increased from last year, and again, more than half of these vehicles will be mid-size.

Figure 3

As part of NAFA's New Car Acquisition Survey, respondents are asked to rank in order of importance seven factors they use for fleet car selection. The seven factors are: administrative ease; company prestige; depreciation/resale value/holding cost; economy of operation; fringe benefit/driver satisfaction; initial cost, and serviceability/maintenance.

For the third year in a row, Initial Cost is the most important factor in fleet car selection, according to the 432 responding fleets. Depreciation/resale value/holding cost remains second on the list, as it was the previous two years. Also staying the same over the last two years: economy of operation comes in third on the list of important criteria, and serviceability/maintenance was fourth. Fringe benefit/driver satisfaction and company prestige were fifth and sixth, respectively; in 1984, these items were reversed. The new item on the list of selection criteria, administrative ease, was last in the rankings.

The ranking, from most to least important, for each fleet classification are:



Banking and Credit Agencies/Financial: Initial cost, Economy of Operation, Depreciation/Resale Value/Holding Cost, Serviceability/Maintenance, Fringe Benefit/Driver Satisfaction, Company Prestige and Administrative Ease.

Public Utility: Initial Cost, Serviceability/Maintenance, Economy of Operation, Depreciation/Resale Value/Holding Cost, Fringe Benefit/Driver Satisfaction, Administrative Ease and Company Prestige.

Chemical and Petroleum: Depreciation/Resale Value/Holding Cost, Initial Cost, Economy of Operation, Serviceability/Maintenance, Fringe Benefit/Driver Satisfaction, Company Prestige and Administration Ease.

Food and Beverage: Initial Cost, Depreciation/Resale Value/Holding Cost, Economy of Operation, Serviceability/Maintenance, Fringe Benefit/Driver Satisfaction, Company Prestige, and Administrative Ease.

Consumer Manufacturing: Initial Cost, Depreciation/Resale Value/Holding Cost, Economy of Operation, Serviceability/Maintenance, Fringe Benefit/Driver Satisfaction, Company Prestige, and Administrative Ease.

Drugs and Cosmetics: Depreciation/Resale Value/Holding Cost, Initial Cost, Serviceability/Maintenance, Economy of Operation, Fringe Benefit/Driver Satisfaction, Company Prestige, and Administrative Ease.

Government: Initial Cost, Economy of Operation, Serviceability/Maintenance, Depreciation/Resale Value/Holding Cost, Fringe Benefit/Driver Satisfaction, Administrative Ease, and Company Prestige.

Insurance: Initial Cost, Depreciation/Resale Value/Holding Cost, Economy of Operation, Serviceability/Maintenance, Fringe Benefit/Driver Satisfaction, Company Prestige, and Administrative Ease.

Industrial Manufacturing: Initial Cost, Depreciation/Resale Value/Holding Cost, Economy of Operation, Serviceability/Maintenance, Fringe Benefit/Driver Satisfaction, Company Prestige, and Administrative Ease.

Other/Miscellaneous: Initial Cost, Depreciation/Resale Value/Holding Cost, Economy of Operation, Serviceability/Maintenance, Fringe Benefit/Driver Satisfaction, Company Prestige, and Administrative Ease. AF

USED CARS

The following are average car prices ending October 8, 1986. Prices are based on wholesale activity at major dealers across the country. They are divided into three zones as indicated on the accompanying map. These averages are calculated electronically in IBM machines. They are based on clean cars only. Proper allowance should be made for upgrading sharp cars and proper deduction taken for fair cars. Automatic transmissions have been included in the averages of all models. This information is published in *Automotive Fleet* by special permission of Automotive Market Report.

Model	AVERAGE AUCTION PRICE Zone 1	Zone 2	Zone 3
83 AMC ALLIANCE			
Sdn 4 Dr L Series	2517	2543	2491
83 AMC CONCORD			
Sdn	2733	2760	2705
Sta Wgn	2885	2915	2657
83 BUICK SKYLARK			
Sdn Custom	3230	3263	3197
82 BUICK SKYLARK			
Sdn	2635	2660	2606
83 BUICK REGAL			
Sdn	4749	4798	4700
Cpe	4885	4936	4833
82 BUICK REGAL			
Turbo Cpe	4247	4289	4204
Cpe	4112	4151	4070
83 BUICK CENTURY			
Sdn Custom	4610	4655	4566
82 BUICK CENTURY			
Sdn Custom	3838	3874	3798
83 CADILLAC			
Cpe DeVille	7737	7815	7661
Sdn DeVille	7692	7774	7615
82 CADILLAC			
Cpe DeVille	6163	6224	6100
Sdn DeVille	6120	6185	6058
83 CHEVY			
Chvt Htchbk 4 Dr	2050	2069	2028
Camaro Cpe 8	5270	5323	5220
82 CHEVY			
Chvt Htchbk 4 Dr	1601	1616	1586
Camaro Cpe 8	4524	4571	4475
83 CHEVY CELEBRITY			
Sdn	4084	4125	4044
82 CHEVY CELEBRITY			
Sdn	3303	3336	3270
83 CHEVY CAVALIER			
Sdn	3301	3335	3268
82 CHEVY CAVALIER			
Sdn	2228	2248	2204
83 CHEVY CITATION			
Cpe 6	2488	2513	2462
82 CHEVY CITATION			
Cpe 6	1917	1937	1899
83 CHEVY MALIBU			
Clas Sdn	3785	3823	3749
Clas Sta Wgn	3942	3978	3904
82 CHEVY MALIBU			
Clas Sdn	3135	3169	3104
Clas Sta Wgn	3273	3306	3239
83 CHEVY MONTE CARLO			
Cpe	4912	4960	4862
82 CHEVY MONTE CARLO			
Cpe	3325	3361	3291
83 CHEVY IMPALA			
Sdn	4331	4374	4287
82 CHEVY IMPALA			
Sdn	3348	3382	3316
Wgn 9	3480	3518	3447
83 CHEVY CAPRICE			
Sdn	4925	4976	4877
Sta Wgn	5096	5147	5045
83 CHRYSLER			
E-Class Sdn	4068	4110	4026
82 CHRYSLER			
New Yorker Sdn	4855	4903	4807
83 DODGE OMNI			
4 Dr Cust	2367	2391	2343
82 DODGE OMNI			
4 Dr Cust	1754	1770	1737
83 DODGE ARIES			
Cpe	2700	2729	2672
82 DODGE ARIES			
Sdn	2044	2064	2024
83 DODGE DIPLOMAT			
Sln Sdn	3299	3330	3264
82 DODGE DIPLOMAT			
Sln Sdn	2633	2658	2606
83 FORD FAIRMONT			
Futura 6-Cyl Sdn 4 Dr	2880	2910	2852
82 FORD FAIRMONT			
Futura Sdn 4 Dr	2255	2275	2230
83 FORD MUSTANG			
L-Cpe 4	3464	3497	3427
82 FORD MUSTANG			
L-Cpe 4	2718	2745	2691
83 FORD LTD			
Sdn	3287	3321	3253
82 FORD LTD			
Sdn	3389	3424	3361
83 FORD ESCORT			
Htchbk 4 Dr	2334	2354	2310
83 FORD CROWN VIC			
Sdn	5536	5590	5484
82 FORD CROWN VIC			
Sdn	4014	4055	3973
83 FORD THUNDERBIRD			
Cpe	5097	5146	5046
82 FORD THUNDERBIRD			
Cpe	3839	3877	3799
83 LINCOLN CONTINENTAL			
Sdn	9865	9964	9768
Mark VI Cpe	9998	10100	9897
82 LINCOLN CONTINENTAL			
Sdn	7810	7884	7732
Mark VI Cpe	8007	8085	7927
83 MERCURY COUGAR			
Cpe	5186	5236	5131
82 MERCURY COUGAR			
GS Cpe	2735	2763	2706
83 MERCURY LYNX			
HtchBk 2-Dr	2300	2323	2276
83 MERCURY MARQUIS			
Sdn	3327	3359	3293
82 MERCURY MARQUIS			
Sdn	3694	3730	3657
Wgn-2S	3809	3847	3770
83 OLDS CIERA LS			
Cpe	4545	4592	4500
Sdn	4603	4650	4557
83 OLDS CUTLASS SUPREME			
Cpe	5169	5221	5117
Sdn	5024	5074	4977
82 OLDS CUTLASS SUPREME			
Sdn	5024	5074	4977
Cpe	5169	5221	5117
83 OLDS DELTA 88			
Sdn	4877	4926	4826
82 OLDS DELTA 88			
Sdn	4085	4126	4042
83 OLDS DELTA 98			
Sdn	6727	6795	6660
82 OLDS DELTA 98			
Sdn	5355	5407	5300
83 OLDS OMEGA			
Sdn	3230	3263	3197
82 OLDS OMEGA			
Sdn	2635	2660	2606
83 OLDS FIRENZA			
Sdn	3639	3677	3602
82 OLDS FIRENZA			
Sdn	2945	2973	2917
83 PLYMOUTH HORIZON			
4 Dr Htchbk	2305	2327	2278
83 PLYMOUTH RELIANT			
Cpe	2708	2736	2681
82 PLYMOUTH RELIANT			
Cpe	2027	2045	2008
83 PONTIAC FIREBIRD			
Cpe 8	5298	5351	5247
83 PONTIAC 6000			
Cpe	4206	4246	4160
Sdn	4262	4304	4218
82 PONTIAC 6000			
Cpe	3495	3528	3458
83 PONTIAC GRAND PRIX			
Cpe	5067	5117	5017
83 VOLKSWAGEN JETTA			
4 Dr Sdn	4267	4307	4224
82 VOLKSWAGEN JETTA			
4 Dr Sdn	3510	3545	3476
83 VOLKSWAGEN L SERIES			
2 Dr Htchbk	3124	3155	3092
82 VOLKSWAGEN RABBIT			
2 Dr Htchbk	2364	2386	2339
83 DATSUN			
Sentra 2 Dr Std Sdn	2609	2635	2584
Stanza Hbk 4 Dr Dlx	3594	3629	3557
82 DATSUN			
210 Std 2 Dr	1882	1901	1864
Sentra 2 Dr	2131	2153	2112
Stanza Hbk 4 Dr Dlx	2899	2929	2869
83 TOYOTA			
Corolla Sedan 2 Dr	3304	3337	3271
Celica St	4730	4777	4684
Camry Sedan	5371	5426	5319
82 TOYOTA			
Corolla 2 Dr Sdn	2616	2642	2590
Celica St Cpe	3861	3900	3821

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GAS PRICES

City	UNLEADED Cost Per Gallon Unleaded Full-Serve	Self-Serve
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Ft. Smith, AR	113.9	73.9
Santa Ana, CA	135.9	77.4
Washington, D.C.	135.8	88.1
Atlanta, GA	108.7	72.1
Honolulu, HI	154.8	115.7
Salisbury, MD	107.9	80.4
Grand Rapids, MI	105.4	78.4
St. Louis, MO	102.4	66.7
Charlotte, NC	97.9	79.9
Reno, NV	132.4	111.4
Brooklyn, NY	92.9	76.9
Youngstown, OH	85.9	70.2
Columbia, SC	107.9	71.4
Houston, TX	112.8	68.8

Survey conducted during the first five working days of October 1986.
Supplied by Runzheimer International, Runzheimer Park, Rochester, WI.